150 South Main 6-4 Ephraim, Utah 84627

Reply To:

Date: January 20, 1989

Mr. Howard E. Turrel
United States Ferto Corporation
P.O. Box 111
Spanish Fork, Utah 84660

CERTIFIED MAIL-RETURN RECEIPT REQUESTED

Dear Mr. Turrel:

Recently a review of your mining operation located east of Milburn, Utah in the Dry Creek drainage was conducted. The purpose of the review was to inspect for compliance to your Plan of Operation.

Your Plan of Operation describes that the mineral ore will be mined using the step or plateau system. The plateaus will be mined with a crawler bulldozer pushing the material to one end of the plateau. Then, it will be loaded into a truck using a front-end loader.

Currently, the method of mining you are using, consists of pushing the material from the upper existing bench, down the slope. The material is then collected in a "loadout area", where it is loaded onto trucks using a front-end loader.

This method is not in compliance with the Plan of Operation you submitted and that has been approved. Therefore, you need to amend your Plan of Operation, describing the mining procedure you plan on using.

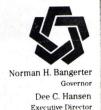
In addition, work needs to begin on constructing the upper plateau and removal of the overburden, such that the final planned slope and bench configuration can be achieved.

The reclamation bond (irrevocable letter of credit) in the amount of \$2,000 has expired. Therefore, before your mining operation can continue, you need to submit an acceptable form of reclamation bond. Incidentally, irrevocable letters of credit are no longer acceptable, but there are other means you can use to be bonded, such as U.S. Treasury Notes, certificates of deposit, assignment of savings account, etc.

Please provide us with the above items as soon as possible so everything can be approved by the time you desire to start operating. We would like to meet with you on-the-ground next spring to discuss your mining operation.

Sincerely,

BENNETT W. BLACK
District Ranger



Dianne R. Nielson, Ph.D.

DEPARTMENT OF NATURAL RESOURCES DIVISION OF OIL, GAS AND MINING

355 West North Temple 3 Triad Center, Suite 350 Salt Lake City, Utah 84180-1203

801-538-5340

April 12, 1989

U.S. Ferto Corporation Capitol Park Plaza P.O. Box 1368 Boise, Idaho 83701

Dear Operator:

Our files indicate that you submitted a Declaration of Exemption for your mining operation located in San Pete County, Utah. assigned this operation with a file number DOE/039/005. 6

At the time of your submittal, the Utah Mined Land Reclamation Act (Section 40-8-4.6) excluded -- in the definition of a mining operation -- the following:

> "...any operations which would otherwise be included under mining operations but as to which less than 500 tons of material are mined in a period of twelve consecutive months or where less than two acres of land are excavated or used as a disposal site in a period of twelve consecutive months."

In 1987, the legislature changed the Act to remove the exclusion of these mines that mined less than 500 tons or excavated less than two acres of land. As a result of this change, all mining operations -- including those previously exempt -- are now required to file a Notice of Intention to Commence Mining Operations. More specifically, as defined in the Act (40-8-4) and Rules supporting the Act (R613-001-106):

"Mining operations means those activities conducted on the 1. surface of the land for the exploration for, development of, or extraction of a mineral deposit, including, but not limited to surface mining and the surface effects of underground and in situ mining; onsite transportation, concentrating, milling, evaporation, and other primary processing."

RECEIVED

APR 17 1989

J. R. Gillespie

- 2. "Large mining operations means mining operations which have a disturbed area of more than five surface acres at any time."
- 3. "Small mining operations means mining operations which have a disturbed area of five or less surface acres at any time."

If you are still operating the above referenced site, or any other mining operation, you will need to file a Notice of Intention with this office. If you are still in operation, or plan to resume operations in the future, please notify us by signing this letter in the space designated in the box, below, and returning it to this office. As soon as we hear from you, we will send you a copy of the new rules — which were approved and effective December 1, 1988 — along with the necessary Notice of Intention filing forms.

Please respond by April 30, 1989. If you have questions or need assistance with the NOI, please contact Wayne Hedberg or Lowell Braxton. Thank you for your cooperation.

Sincerely,

Dianne R. Nielson

Director

jb MN68/1-2 Yes, I am interested in receiving a copy of the rules for the Minerals Reclamation Program. I will also need the following forms (please check):

Exploration (drilling, trenching, etc.)
Small Mine (less than 5 acres)
Large Mine (greater than 5 acres)

Please sign and return to 0/11, Gas and Mining

8717 Vincent Boise Idaho MAY 08 1989 83709

DIVISION OF OIL, GAS & MINING Sent 09-89

EBERLE, BERLIN, KADING, TURNBOW & GILLESPIE, CHARTERED

ATTORNEYS & COUNSELORS AT LAW
POST OFFICE BOX 1368
BOISE, IDAHO 83701



State of Utah
Department of Natural Resources
Division of Oil, Gas and Mining
355 West North Temple
3 Triad Center, Suite 350
Salt Lake City, UT 84180-1203